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C O N F I D E N T I A L SECTION 01 OF 02 SANTIAGO 000257

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TAGS: [APECO](#) [KFLU](#) [SENV](#) [ETRD](#) [CI](#)
SUBJECT: CHILE: APEC PRIORITIES FOR 2006

REF: A. SECSTATE 14967

- [1](#)B. SANTIAGO 0094
- [1](#)C. 2005 SANTIAGO 02393
- [1](#)D. WARD/ANDERSON E-MAIL

Classified By: Deputy Chief of Mission Emi Lynn Yamauchi. Reasons: 1.4
(b and d).

[1](#)1. (C) Summary: The Ministry of Foreign Affairs (MFA) will not have an APEC Senior Official until after the March 11 inauguration of incoming President Michelle Bachelet (ref B). The acting APEC Senior Official and his technical team told econoffs February 2 that Chile would like to work closely with the U.S. this year to further a number of mutual interests on the APEC agenda -- including avian flu preparations, corporate governance and anti-corruption. As an aside, the Chileans expressed concern about Vietnam's ability to advance APEC's substantive agenda. Chile plans to host a high-level APEC conference on sustainable development in July and would welcome U.S. participation. End Summary.

APEC in the Bachelet Administration

[1](#)2. (U) EconOffs met with Acting APEC Senior Official German King and Graciela Fernandez, Deputy Director of the MFA's APEC office. King noted he would be Chile's acting APEC Senior Official until the new administration, which enters office on March 11, filled the position with a political appointment. King said that the Chilean delegation to the February 20th Senior Officials Meeting (SOM) was still undecided.

[1](#)3. (SBU) King said he expected no change in Chile's active participation in APEC under the new Bachelet administration. Plans called for the MFA's current APEC technical team to remain in place. While Bachelet has announced she will place an emphasis on building closer ties with Chile's neighbors, King confirmed that Chile's policy of expanding ties with Asia were long-term and strategic.

Continued Cooperation on Avian Flu

[1](#)4. (U) EconOffs raised ongoing cooperation with the Chilean Ministry of Health (MOH) and the Plant and Animal Health Service (ref C), and King responded Chile was particularly pleased with the 2005 APEC technical training session held in San Francisco. He said Chile would continue to share "lessons learned" from its own 2002 avian flu outbreak and

successful eradication of the virus. Chile expected avian flu to remain a top agenda item for all APEC countries. He suggested three areas of particular interest:

-- Studying the economic effects of the current avian flu outbreak on small and medium-sized agricultural producers. Chile sees these countries as most vulnerable to significant economic damage during an outbreak and other APEC members should think of ways to assist this group.

-- Ensuring adequate global supplies of appropriate medication to alleviate human suffering.

-- Understanding fully the migratory pattern of the disease. King believes more data is needed to track transmission.

15. (U) King and Fernandez expressed particular interest in receiving updated information from the APEC Health Task Force and mentioned Chile's support for an April 2006 APEC meeting of Health and Agriculture Ministers to discuss the topic further.

Seeking U.S. Partnership on the Corruption Agenda

16. (U) Fernandez was extremely pleased with Chile's cooperation with INL Special Advisor David Luna on corruption issues, saying the U.S. had always been a leader and ally on this topic. Chile is currently the Vice President of the APEC working group examining corruption issues, and Fernandez believes 2006 will be a critical year for this initiative. The working group has not been active in the past, and Chile plans to push APEC to reinvigorate discussions on fighting corruption. Fernandez said either the APEC working group advances the issue this year or it will likely end its efforts.

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17. (U) Fernandez and King mentioned Chile's support for the adoption of general anti-corruption principles for all APEC members. They suggested using the Organization for Economic Cooperation and Development's (OECD) work on anti-corruption as a basis for a similar APEC agreement. Chile is also looking at implementation issues and is studying ways to build capacity among APEC countries to implement an anti-corruption agreement.

More APEC Attention Needed for Corporate Governance

18. (U) King was pleased to hear that corporate governance was one of the U.S. goals for APEC in 2006. He identified it as one of Chile's long-term goals as well. (ref D) He suggested APEC consider some administrative reorganization, such as the creation of a special taskforce for the issue.

Free Trade and Promoting the WTO

19. (C) King reaffirmed Chile's commitment to the World Trade Organization (WTO) and to the principles of international free trade. He mentioned Chile firmly believes bilateral free trade agreements help - not hinder - the WTO. Chile has successfully pursued FTAs with the United States, China, the European Union and numerous other countries. He credited much of Chile's recent economic growth to these agreements. In terms of APEC's continued focus on the WTO, King said the December ministerial in Hong Kong had produced some positive results but much work remained for the WTO to conclude the Doha round this year.

Vietnam Struggling to Keep Pace

¶10. (C) King expressed concern about Vietnam's ability to advance APEC's substantive agenda at an appropriate pace. He has been discouraged by the slow pace of meetings and discussions to date. He mentioned that the Australians have also expressed their concerns, particularly in light of the fact that they will host APEC in 2007. The Australians hope to inherit a healthy substantive agenda and have been quietly offering support to their colleagues in Hanoi. At this time, King was unsure if the Vietnamese chairmanship would be viewed as a success by the end of the year.

U.S. Participation in Sustainable Development Conference

¶11. (U) King briefed on Chile's plans to host an APEC high-level conference on sustainable development in July 2006, and asked if the U.S. would be willing to send a high-level representative. He said plans remained largely undefined at this point but promised to keep the U.S. informed. EconOff suggested coordinating this APEC conference with a planned high-level meeting in Chile to discuss the U.S.-Chile Free Trade Agreement's Environmental Cooperation Agreement. King said he would identify possible dates for the APEC conference to coordinate further. Post will follow up.

KELLY